

IN THE CIRCUIT COURT FOR
MONTGOMERY COUNTY, ALABAMA

File

Wmm

STATE OF ALABAMA, etc.)

Plaintiffs,)

FIRST NATIONAL LIFE)
INSURANCE COMPANY,)

Defendant.)

CASE NO. CV-96-1849-GR



**ORDER APPROVING FINAL SETTLEMENT
OF RECEIVERSHIP AND DISCHARGE AS RECEIVER**

This cause comes on to be heard upon the Petition for Approval of Final Settlement of Receivership and Discharge as Receiver (the "Petition") filed by Denise B. Azar, the Receiver of First National Life Insurance Company ("FNLIC"). Based upon submitted pleadings and testimony given in open Court, it appears to the Court and the Court so finds and holds the following:

1. That the Receiver's first predecessor, Nelson Burnett, was appointed Receiver for FNLIC by this Court on October 4, 1996. The Receiver and her predecessors have been serving continuously as Receiver of FNLIC since October 4, 1996 unto the present date.
2. That except as otherwise specified hereinbelow, the Receiver and her predecessors have paid or otherwise resolved all claims filed against FNLIC in connection

with this receivership and paid or otherwise provided for all expenses of the receivership incurred to date, and otherwise fully administered the receivership estate.

3. That as of October 31, 2002, the value of the remaining assets of the receivership of FNLIC was \$288,707.57. A schedule of assets for the receivership as of October 31, 2002 was previously filed with the Receiver's Petition. All priority and administrative claims and general administration expenses of FNLIC, have already been paid or otherwise been provided for. The Receiver previously paid or set aside the sum of \$2,379,346.75 pursuant to this Court's Order Approving Settlement of Claims/ Appeal and Partial Payment to Claimants dated May 1, 2002.

4. That pursuant to the Receiver's Petition, this Court scheduled the final settlement of FNLIC for hearing for December 17, 2002 at 3:30 p.m. Notice of said hearing was provided by the Court to National Organization of Life & Health Insurance Guaranty Association, Annie L. Banks and New South Investment Corporation, and by the Receiver to all other general creditors listed on **Exhibit A** attached hereto.

5. It further appears to the Court and the Court so finds that the receivership of FNLIC is ready for final settlement.

6. That the Receiver shall make the initial final partial payments and set asides to general creditors, and for general administrative expenses, of FNLIC pursuant to the 2nd Distribution Carve Out Schedule attached hereto as **Exhibit A**.

7. That the Receiver shall retain books and records of FNLIC for a period of three (3) years after the date the final income tax returns for FNLIC have been filed. After that date, the Receiver may destroy or otherwise dispose of the remaining books and records of FNLIC.

8. That the Receiver is holding various records of FNLIC in a records retention facility in Pensacola, Florida which are no longer necessary for the administration of the receivership, for policyholder claims against FNLIC or for any other purpose. The Receiver may destroy or otherwise dispose of said records sixty (60) days after the date of the Court's final settlement order.

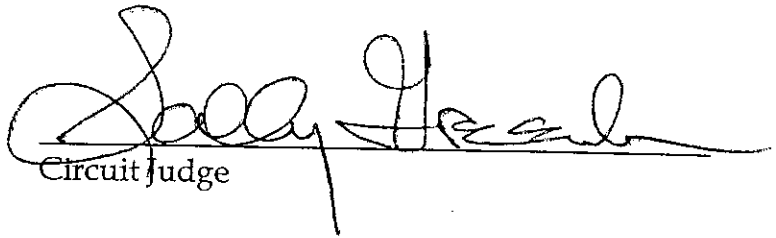
9. That after payment of initial final partial payments to general creditors and set asides for general administration expenses, FNLIC should be dissolved and liquidated as soon as practicable after December 31, 2002. The Receiver is authorized and empowered to prepare, execute, file and record Articles of Dissolution and any and all other necessary documents and actions required or deemed advisable in connection with the dissolution and liquidation of FNLIC as well as the preparation and filing of any and all income tax returns and reports required in connection therewith.

10. Once the initial final distributions are complete, and the payment or set asides of all fees and expenses completed, the Receiver may pay any remaining funds (if any) to the general creditors of FNLIC on a pro-rata basis.

11. After completing all final distributions and payment of all fees and expenses, or provisions therefor, Denise B. Azar as Receiver, as well as her predecessors, successors and assigns, of FNLIC, shall be released and discharged from any and all further liability and responsibility as Receiver of FNLIC.

12. This is a final judgment pursuant to Rule 54, Alabama Rules of Civil Procedure.

DATED this 17th day of December, 2002.


Circuit Judge

**FIRST NATIONAL LIFE INSURANCE COMPANY
2ND DISTRIBUTION
CARVE OUT**

Balance as of 10/31/02:

Admin:

\$ 288,707.57

Dept Legal Fees Paid:

Legal	\$20,000.00
Rec Ret	\$33,600.00
Data Stor	\$19,661.28
Dept Exp	\$15,000.00
Tot	\$88,261.28

2nd Qtr 02	\$10,564.66
3rd Qtr 02	\$20,000.00
4th Qtr 02	\$15,500.00
Accg	\$3,836.00
Final Tax Ret	\$3,900.00
Legal pd by Dept	\$1,056.19
04/31/2002	\$914.45
5/31/2002	\$675.33
6/30/2002	\$197.18
7/31/2002	\$240.53
8/31/2002	\$191.51
9/30/2002	\$1,021.18
10/31/2002	\$58,097.03
Total	\$146,358.31

Total Carve Out:
Funds to be distributed:

\$ 142,349.26

	Claim Total	1st Distribution	Balance	22%
BETTY BOWLING	\$79.20	62.57	\$ 16.63	\$3.66
STANLEY KATLIN	\$112,500.00	88,875.00	\$ 23,625.00	\$5,197.50
RICHARD PREVER	\$112,500.00	88,875.00	\$ 23,625.00	\$5,197.50
MR/MRS STEPIEN	\$30,535.67	24,123.18	\$ 6,412.49	\$1,410.75
MR/MRS STEPIEN	\$40,050.00	31,639.50	\$ 8,410.50	\$1,850.31
MELBA WILLIAMS	\$96,813.43	76,482.61	\$ 20,330.82	\$4,472.78
W B GATES CO	\$58.50	46.22	\$ 12.28	\$2.70
HINES & ASSOC	\$3,321.80	2,624.23	\$ 697.57	\$153.47
SENTINEL REAL ESTATE	\$2,436.09	1,924.52	\$ 511.57	\$112.55
RAWLINS NEWSPAPER	\$148.50	117.32	\$ 31.18	\$6.86
GRANGER, SANTRY	\$9,590.08	7,813.17	\$ 1,776.91	\$390.92
DUDLEY,HOPTON	\$18,621.13	14,710.70	\$ 3,910.43	\$860.29
STATE OF RHODE ISL	\$1,978.02	1,562.64	\$ 415.38	\$91.38
OREGON DEPT	\$13,115.70	10,361.41	\$ 2,754.29	\$605.94
BCBS OF FL	\$142,749.00	116,721.71	\$ 26,027.29	\$5,728.00
STATE OF FL REVENUE	\$249,130.00	196,812.70	\$ 52,317.30	\$11,509.81
HITCHCOCK & ASSOC	\$142.50	112.58	\$ 29.92	\$6.58
NEW SOUTH	\$12,000.00	9,480.00	\$ 2,520.00	\$554.40
NOLHGA	\$472,837.34	373,541.50	\$ 99,295.84	\$21,845.08
JOYCE WILLIAMS	\$1,272.03	1,004.91	\$ 267.12	\$58.77
MARK GREENBERY	\$5,631.55	4,448.93	\$ 1,182.62	\$260.18
HASKELL SLAUGHTER	\$25,210.40	19,916.22	\$ 5,294.18	\$1,164.72
ANNIE L. BANKS	\$1,628,355.28	1,286,400.68	\$341,954.60	\$80,867.11
			\$367,577.75	\$80,867.11
				\$142,349.26